

ORIGINAL  
NEW APPLICATION



0000012779

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Arizona Corporation Commission

DOCKETED

NOV 26 2004

AZ CORP COMMISSION  
DOCUMENT CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED BY

OK

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-01412A-04-\_\_\_\_  
VALLEY UTILITIES WATER COMPANY, )  
INC., FOR IMMEDIATE APPROVAL OF AN ) APPLICATION  
OFF-SITE FACILITIES HOOK-UP FEE )  
TARIFF )

W-01412A-04-0848

Valley Utilities Water Company, Inc. ("Valley" or the "Company"), by and through undersigned counsel, respectfully states the following in support of this Application:

1. Valley is an Arizona corporation duly organized and existing under the laws of the State of Arizona. Its principal place of business is 12540 W. Bethany Home Road, Litchfield Park, Arizona 85340.
2. Valley has been issued a Certificate of Convenience and Necessity by the Commission to provide water utility services in its certificated area in portions of Maricopa County, Arizona.
3. Valley seeks immediate Commission approval of an Off-Site Facilities Hook-Up Fee Tariff (hereinafter "HUF") of \$1,100 for all new 5/8 X 3/4 inch service connections, graduated for larger meter sizes, as more fully set forth in this Application.
4. Valley is undertaking a \$1,926,100 construction project (the "Project") that will serve its existing 1,250 customers, plus approximately 500 additional customers in its certificated area with an arsenic free supply of water. The details of the required construction are set forth on **Attachment 1** to this Application and incorporated herein by this reference.
5. To appropriately assign these cost of the Project among the customers that will create the need for the additional facilities and benefit therefrom, the Company proposes implementing an HUF

1 Tariff in a form previously approved by the Commission, and as set forth in **Attachment 2**  
2 hereto and incorporated herein by this reference.

3 6. The Company proposes to fund the cost of the construction of the Project utilizing a Water  
4 Infrastructure Finance Authority of Arizona ("WIFA") loan, the application for approval of  
5 which was filed with the Commission of even date herewith. The Company will use the HUF  
6 proceeds to pay the debt service and /or principal reduction on the requested loan.

7 7. Attached as **Attachment 3** and incorporated herein by this reference for all purposes, is Valley's  
8 Annual Report to the Commission containing an Income Statement and Balance Sheet for year-  
9 end December 31, 2003.

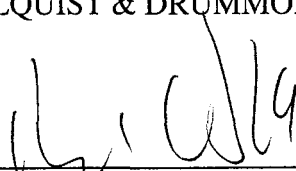
10 8. Due to the growth anticipated in the certificated area in the near future, the Company requests  
11 that the Tariff be approved as soon as possible so that the customers making near-term requests  
12 for service share equally with all customers making future requests for new service .

13 9. Valley will provide notice of the filing of this Application in conformity the anticipated  
14 Procedural Order in this Docket, and will provide a Notice of Publication to that effect as  
15 directed.

16 WHEREFORE, Valley requests that the Commission make such inquiry or investigation that  
17 the Commission may deem necessary and appropriate; and thereafter approve the Tariff in  
18 substantially the form requested herein, and any other provisions deemed appropriate by the  
19 Commission.

1 Respectfully submitted this 29<sup>th</sup> day of November, 2004

2 SALLQUIST & DRUMMOND, P.C.

3   
4 \_\_\_\_\_  
5 Richard L. Sallquist  
6 Sallquist & Drummond, P.C.  
7 4500 S. Lakeshore Drive  
8 Suite 339  
9 Tempe, AZ 85282  
10 Attorney for Valley Utilities Water Company, Inc

8 Original and ten copies of the  
9 foregoing filed this 29<sup>th</sup> day  
10 of November, 2004, with:

11 Docket Control  
12 Arizona Corporation Commission  
13 1200 West Washington  
14 Phoenix, Arizona 85007  
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Copies of the foregoing Hand Delivered this 29<sup>th</sup>  
day of November, 2004 to:

Hearing Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Legal Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007



**ATTACHMENTS**

**ATTACHMENT**

**DESCRIPTION**

1

PROJECT DESCRIPTION

2

HUF TARIFF

3

FINANCIAL

STATEMENTS

# ATTACHMENT 1

## HOOK-UP FEE COMPUTATION

### Arsenic Treatment System

Location	Capacity	Cost
Well Nos. 4, 5, and 6	1,500 GPM	\$1,383,600
Well Nos. 1 and 2	500 GPM	\$542,500
Total	2,000GPM	\$1,926,100

Capacity required per Customer	1.15 GPM
Customers ATS will Serve	1,750
Average Cost per Customer	\$1,100

Total Customers Served by ATS	1,750
Existing Customers	1,250
New Customers to be Served by ATS	500

Receipts from HUF's	\$550,000
(500 X \$1,100 = \$550,000)	

**VALLEY UTILITIES WATER COMPANY, INC.**

DOCKET W-01412

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**TARIFF**

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Issued \_\_\_\_\_

ISSUED BY:

Effective \_\_\_\_\_

Robert Prince, President  
VALLEY UTILITIES WATER COMPANY, INC.  
12540 W. Bethany Home Rd.  
Litchfield Park, Arizona 85340

93055.00000.140

**ATTACHMENT 2**

DOCKET W-01412

Canceling Sheet No.

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Applies to all WATER service areas

**PART ONE**  
**STATEMENT OF CHARGES**  
**WATER SERVICE**

**A. Off-Site Facilities Hook-Up Fee**

1. Purpose and Applicability

The purpose of the hook-up fees payable to VALLEY UTILITIES WATER COMPANY, INC. ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional facilities to treat and remove arsenic among all new service connections.

These charges are applicable to all new service connections established after the effective date of this Tariff. The charges are one-time charges and are payable as a condition to the Company's establishment of service, as more particularly provided below.

2. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting, this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections.

"Company" means Valley Utilities Water Company, Inc., an Arizona corporation.

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DOCKET W-01412

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---

Applies to all **WATER** service areas

**PART ONE**

**STATEMENT OF CHARGES**

**WATER SERVICE**

"Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of water facilities to the Company to serve new service connections, or install water facilities to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission (same as line extension agreement).

"Off-Site Facilities" means wells, storage tanks and related appurtenances necessary for proper operation, including, engineering and design costs. Off-Site facilities may also include booster pumps, pressure tanks, transmission mains and related appurtenances necessary for proper operation, if these facilities are not for the exclusive use of the applicant and these facilities will benefit the entire water system.

"Service Connection" means and includes all service connections for residential, commercial, industrial, or other uses, regardless of meter size.

**PART ONE**

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Issued \_\_\_\_\_

Effective \_\_\_\_\_

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Litchfield Park, Arizona 85340

DOCKET W-01412

Canceling Sheet No.

Applies to all **WATER** service areas**STATEMENT OF CHARGES**  
**WATER SERVICE**3. Off-Site Facilities Hook-Up Charges

Each new service connection shall pay the total Off-Site Facility Hook-Up Fee, derived from the following table:

OFF-SITE FACILITIES HOOK-UP FEE TABLE		
Meter Size <sup>1</sup>	NARUC Meter Factor	Fee
5/8" X 3/4"	1	\$ 1,100
3/4"	1.2	\$ 1,320
1"	2	\$2,200
1 - 1/2"	4	\$4,400
2"	6.4	\$7,040

4. Terms and Conditions

- (a.) Assessment of One Time Hook-Up Charge: The Hook-Up Fee may be assessed only once per service connection, or lot within a platted subdivision (similar to meter and service line installation charges). However, this provision does not exempt from the Hook-Up Fee, any newly created parcel(s) which are the result of further subdivision of a lot or land parcel and which do not have a service connection.

**PART ONE**

<sup>1</sup> Hook-Up Fees for 3 inch and larger meters shall be computed on an economic feasibility basis, but not less than \$10,000.

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Canceling Sheet No.

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Applies to all **WATER** service areas

**STATEMENT OF CHARGES**  
**WATER SERVICE**

- (b.) Use of Off-Site Facilities Hook-Up Fee: Hook-Up Fees may only be used to pay for the capital items of off-site facilities, or for repayment of loans obtained for installation of off-site facilities. Off Site Hook-Up Fees shall not be used for repairs, maintenance, plant replacements, or operational purposes.
- (c.) Time of Payment:
- (1) In the event that the Applicant is required to enter into a main extension agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements in order to extend service in accordance with R-14-2-406 (B), payment of the charges required hereunder shall be made by the Applicant within 15 calendar days after receipt of notification from the Company that the Utilities Division of the Commission has approved the main extension agreement in accordance with R14-2-406(M).
  - (2) In the event that the Applicant is not required to enter into a main extension agreement, the charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.
- (d.) Failure to Pay Charges, Delinquent Payments: - Under no circumstances will the Company set a meter or otherwise allow service to be established if the Applicant has not paid in full all charges as provided by this Off-Site Facilities Hook-Up Fee Tariff.

**PART ONE**

**STATEMENT OF CHARGES**

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Issued \_\_\_\_\_

Effective \_\_\_\_\_

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DOCKET W-01412

Canceling Sheet No.

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Applies to all **WATER** service areas

**WATER SERVICE**

- (e.) Off-Site Facilities Hook-Up Fee Non-refundable: - The amounts collected by the Company pursuant to the Off-Site Facilities Hook-Up Fee shall be non-refundable contributions in aid of construction.
- (f.) Use of Charges Received: All funds collected by the Company as Off-Site Facilities Hook-Up Fees, shall be deposited into a separate interest bearing trust account and used solely for the purposes of paying for the costs of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.
- (g.) Off-Site Facilities Hook-Up Fees In Addition to Other Charges: The Off-Site Facilities Hook-Up Fees shall be in addition to any costs associated with a main extension agreement for on-site facilities, and are in addition to the amounts to be advanced pursuant to charges authorized under other sections of this Tariff.
- (h.) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the Off-Site Facilities Hook-Up Fee or the Off-Site Hook-Up Fee Tariff has been terminated by order of the Commission, any funds remaining in the trust shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.
- (i.) Fire Flow Requirements: In the event the applicant for service has fire flow requirements that require additional facilities beyond those facilities whose costs were generally provided or estimated in the Application for this Tariff, the Company may require the Applicant to install such additional facilities as are required to meet those additional fire flow requirements, as a non-refundable contribution, in addition to the Off-Site Facilities Hook-Up Fee.
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Effective \_\_\_\_\_

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Robert Prince, President  
VALLEY UTILITIES WATER COMPANY, INC.  
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Litchfield Park, Arizona 85340

## Valley Utilities Water Company, Inc.

Balance Sheet

As of December 31, 2003

Page 1

Line

No.**ASSETS**

1		
2	Plant In Service	\$ 4,313,786
3	Property Held for Future Use	40,000
4	Non-Utility Plant	-
5	Construction Work in Progress	-
6	Less: Accumulated Depreciation	(1,533,754)
7	Net Plant	<u>\$ 2,820,032</u>
8		
9	Debt Reserve Fund	\$ -
10		
11	CURRENT ASSETS	
12	Cash and Equivalents	\$ 273,079
13	Accounts Receivable, Net	45,304
14	Notes/Receivables from Associated Companies	-
15	Materials and Supplies	26,800
16	Prepayments	-
17	Other Current Assets	-
18	Total Current Assets	<u>\$ 345,183</u>
19		
20	Deferred Debits	<u>\$ -</u>
21		
22	Other Investments & Special Funds	<u>\$ -</u>
23		
24	TOTAL ASSETS	<u><u>\$ 3,165,215</u></u>
25		
26		
27	LIABILITIES AND STOCKHOLDERS' EQUITY	
28		
29	Common Equity	<u>\$ (413,375)</u>
30		
31	Long-Term Debt	<u>\$ -</u>
32		
33	CURRENT LIABILITIES	
34	Accounts Payable	\$ 11,179
35	Current Portion of Long-Term Debt	-
36	Payables to Associated Companies	-
37	Customer Deposits	46,999
38	Taxes Payable	19,511
39	Interest Payable	-
40	Other Current Liabilities	3,123
41	Total Current Liabilities	<u>\$ 80,812</u>
42	DEFERRED CREDITS	
43	Advances in Aid of Construction	\$ 3,180,500
44	Accumulated Deferred Income Taxes	24,057
45	Contributions In Aid of Construction, Net	293,221
46	Accumulated Deferred Income Credits	-
47	Total Deferred Credits	<u>\$ 3,497,778</u>
48		
49	Total Liabilities & Common Equity	<u><u>\$ 3,165,215</u></u>

ATTACHMENT 3

**Valley Utilities Water Company, Inc.**  
Income Statement  
Year Ended December 31, 2003

Page 2

Line  
No.

**Revenues**

1		
2	Metered Water Revenues	\$ 773,023
3	Unmetered Water Revenues	-
4	Other Water Revenues	41,791
5		<u>\$ 814,814</u>

**Operating Expenses**

6		
7	Salaries and Wages	\$ 253,382
8	Purchased Water	-
9	Purchased Power	104,387
10	Chemicals	2,225
11	Repairs and Maintenance	21,743
12	Office Supplies and Expense	30,348
13	Outside Services	5,382
14	Water Testing	1,599
15	Rents	71,493
16	Transportation Expenses	39,015
17	Insurance - General Liability	9,083
18	Insurance - health and Life	69,194
19	Regulatory Commission Expense - Rate Case	1,888
20	Miscellaneous Expense	46,526
21	Depreciation Expense	171,263
22	Other Taxes and Licenses	19,291
23	Property Taxes	25,424
24	Income Tax	17,820

**Total Operating Expenses**

\$ 890,063

**Operating Income**

\$ (75,249)

**Other Income (Expense)**

29	Interest Income	2,970
30	Other income	-
31	Income Tax Provision	-
32	Interest Expense	(366)
33	Other Expense	-
34	Gain/Loss Sale of Fixed Assets	-

**Total Other Income (Expense)**

\$ 2,604

**Net Profit (Loss)**

\$ (72,645)

## Valley Utilities Water Company, Inc.

## Statement of Cash Flows

Year Ended December 31, 2003

Page 3

Line No.		
1		
2		
3	Cash Flows from Operating Activities	
4	Net Income	\$ (72,645)
5	Adjustments to reconcile net income to net cash	
6	provided by operating activities:	
7	Depreciation and Amortization	171,262
8	Deferred Income Taxes	13,295
9	Accumulated Deferred ITC	-
10	Changes in Certain Assets and Liabilities:	-
11	Accounts Receivable	1,327
12	Materials and Supplies Inventory	(25,300)
13	Prepaid Expenses	-
14	Misc Current Assets and Deferred Expense	1,888
15	Accounts Payable and Accrued Liabilities	(5,187)
16	Accrued Taxes	5,142
17	Net Cash Flow provided by Operating Activities	<u>\$ 89,782</u>
18	Cash Flow From Investing Activities:	
19	Capital Expenditures	(476,483)
20	Plant Held for Future Use	-
21	Non-Utility Property	-
22	Net Cash Flows from Investing Activities	<u>\$ (476,483)</u>
23	Cash Flow From Financing Activities	
24	(Decrease) Increase in Net Amounts due to Parent and	
25	Affiliates	5,000
26	Changes in Customer Deposits	842
27	Changes in Advances for Construction	337,359
28	Changes in Contributions for Construction	-
29	Net Proceeds from Long-Term Debt Borrowing	-
30	Repayments of Long-Term Debt	-
31	Dividends Paid	-
32	Deferred Financing Costs	-
33	Paid in Capital	-
34	Net Cash Flows Provided by Financing Activities	<u>\$ 343,201</u>
35	Increase(decrease) in Cash and Cash Equivalents	(43,500)
36	Cash and Cash Equivalents at Beginning of Year	-
37	Cash and Cash Equivalents at End of Year	<u><u>\$ (43,500)</u></u>